

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

March 30, 2022

Memorandum

To: Members, Committee on Financial Services
From: FSC Majority Staff
Subject: April 5, 2022, Subcommittee on Oversight and Investigations Subcommittee Hearing entitled, “An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement”

The House Financial Services Committee, Subcommittee on Oversight and Investigations will hold a hybrid hearing entitled, “An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement,” on Tuesday, April 5, 2021, at 2:00 pm ET in Rayburn House Office Building 2128 and meeting platform Cisco WebEx. There will be one panel with the following witnesses:

- **Dr. Daina Ramey Berry**, Oliver H. Radkey Regents Professor and Chair of the Department of History, University of Texas at Austin
- **Dr. William A. Darity, Jr.**, Samuel DuBois Cook Professor of Public Policy, African and African American Studies, Economics, and Business, Duke University
- **Dr. Sven Beckert**, Laird Bell Professor of History, Harvard University
- **Nikitra Bailey**, Senior Vice President of Public Policy, National Fair Housing Alliance
- **Dr. Sarah Federman**, Assistant Professor at the School of Public and International Affairs, University of Baltimore

Overview

This hearing will examine the role of financial institutions in the practice of slavery in the United States. Historical records have shown that banks provided lending to purchase enslaved people and accepted enslaved people as collateral for loans. In certain known instances of default on said loans, banks took ownership of enslaved people and were in the position of potentially selling them to another owner. Certain insurance companies wrote policies on enslaved persons and provided payment upon an enslaved person’s death for the slaveholder to seek a replacement.¹ The financing of slavery also resulted in business gained and capital accrued by such institutions that continue to exist to this day or that have been merged with or acquired by existing institutions, such as J.P. Morgan Chase and Citibank, as detailed in existing literature on this topic:

As the American financial system matured, a wide range of domestic banks [sought to profit from the slave trade]. Two of these, Citizens’ Bank and Canal Bank of Louisiana, which accepted roughly 13,000 slaves as collateral and came to own well over a thousand slaves outright, were destined to become cogs in the great financial wheel of J. P. Morgan Chase. Likewise, Moses Taylor, director of the City Bank of New York, the forerunner of Citibank, managed the monetary

¹ Rachel L. Swarns, [Insurance Policies on Slaves: New York Life’s Complicated Past](#), The New York Times (Dec. 18, 2016).

fruits of the endless exertions of slaves on large sugar plantations and was also deeply involved in the illicit importation of slaves into Cuba.²

This hearing will also examine whether and to what extent financial institutions that financed and profited from slavery have taken or, should be required to take, actions to redress their participation in and ill-gotten benefits from the slave trade and the lasting harms to the descendants of and communities affected by slavery. First, to begin contemplating what form this atonement might take, a fuller historical reckoning must be conducted by banks, investment firms, and insurance companies to determine the extent of their involvement in financing slavery. Then, an assessment should be made as to the most meaningful and impactful atonement that might be provided by these institutions. Much of the examination of these matters has been in the context of a narrow set of laws applied to a very small number of institutions, as reviewed below. This hearing will attempt to elucidate upon the history of the financing of slavery and advance forward the cause of atonement for those financial practices.

Background

In recent decades, various individual financial institutions' involvement in slavery has become known and publicized. In certain instances, the companies learned details of their historical involvement while complying with a 2002 law enacted by the **City of Chicago** requiring that companies doing business with Chicago disclose their involvement with slavery.³ The **Business, Corporate and Slavery Era Insurance Ordinance** (the "Chicago Ordinance") requires that:

Each contractor with whom the city enters into a contract, whether subject to competitive bid or not, must complete an affidavit verifying that the contractor has searched any and all records of the company or any predecessor company regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era. The names of any slaves or slaveholders described in those records must be disclosed in the affidavit. The chief procurement officer shall make the information available to the public and provide an annual report to the city council.⁴

In compliance with the Chicago Ordinance, in 2005, **Wachovia Corp.** disclosed that its predecessor institutions, the Bank of Charleston and the Georgia Railroad and Banking Company, had owned enslaved people.⁵ Wachovia learned through transactional records that the Bank of Charleston had accepted at least 529 enslaved persons as collateral for loans, and it acquired ownership of an undetermined number of these persons when clients defaulted on those loans.⁶ The Bank of Charleston originated in South Carolina in 1818; by 1860 it was among the largest financial institutions in the southeastern United States; in 1926 it was consolidated with other banks to form the South Carolina National Bank (SCNB); and SCNB was acquired by Wachovia in 1991.⁷ Wachovia also disclosed that the George Railroad and Banking Company owned at least 162 enslaved people. The Georgia Railroad and Banking Company was originally chartered in 1833, operated throughout the Civil War, and merged

² James C. Cobb, [Cleansing American Culture of Ties to Slavery Will Be Harder Than You Think](#), TIME Magazine (Mar. 30, 2016).

³ Sabrina L. Miller et al., [New Chicago law requires firms to tell slavery links](#), Chicago Tribune (Oct. 03, 2002).

⁴ [Chicago Code](#) § 2-92-585 (2004).

⁵ [Wachovia apologizes to black Americans](#), The Associated Press (Jun. 02, 2005).

⁶ *Id.*

⁷ Caryn E. Neumann, [Bank of Charleston / South Carolina National Bank 1818-1991](#), South Carolina Encyclopedia (May 17, 2016).

with First Union Corporation in 1986, which merged with Wachovia in 2001. Wachovia was acquired by **Wells Fargo & Co.** in 2008.⁸

Also, in compliance with the Chicago Ordinance, in 2005, **J.P. Morgan Chase & Co.** revealed that, as noted above, two predecessor institutions in Louisiana – the Citizens’ Bank of Louisiana and Canal Bank – accepted up to 13,000 enslaved people as collateral for loans and took ownership of approximately 1,250 of these individuals due to loan defaults.⁹ The Citizens’ Bank of Louisiana was chartered in 1833 with a \$12 million capitalization that made it the second-largest bank in the United States.¹⁰ Canal Bank was initially formed in 1831 to finance the New Basin Canal in New Orleans, Louisiana.¹¹ The two banks merged in 1924, then collapsed in 1933 during the Great Depression. The assets were acquired by the National Bank of Commerce in New Orleans, a predecessor of Bank One Corp. J.P. Morgan Chase acquired Bank One in 2004.¹²

Similar to the Chicago Ordinance, the **California Slaveholder Insurance Policy Act** enacted in 2000 requires insurance companies doing business in California to provide information regarding records of slaveholder insurance policies issued by any predecessor corporation.¹³ In compliance with the law, **New York Life Insurance Company** reported that under its previous name, Nautilus Mutual Life Insurance, the company wrote 508 insurance policies on enslaved persons.¹⁴ The reporting requirement of the California Slaveholder Insurance Policy Act produced the **Slavery Era Insurance Registry Report** in 2002, which identified **Aetna Inc.,** **AIG, Inc.,** and other insurance companies as having insured or potentially insured enslaved people.¹⁵

Similar laws have been enacted in other U.S. state and local jurisdictions:

- The **State of Illinois** passed a law in 2003 requiring any insurer doing business in the state to research and report on any records relating to insurance policies on enslaved persons.¹⁶
- The **Iowa** House of Representatives adopted a resolution in 2003 urging the Commissioner of Insurance to request slaveholder records from state-licensed insurance companies.¹⁷
- The **Maryland** General Assembly adopted a resolution in 2009 requiring authorized insurers to report on slaveholder insurance policies issued in the state.¹⁸
- A bill was introduced in the **North Carolina** House of Representatives in 2009 requiring companies contracting with the state to disclose any participation or profit from slavery.¹⁹

⁸ Wells Fargo, [Wachovia Is Now Wells Fargo \(accessed on Mar. 30, 2022\)](#).

⁹ [JPMorgan: Predecessors linked to slavery](#), The Associated Press (Jan. 21, 2005).

¹⁰ [The Citizens' Bank of Louisiana](#), The Historic New Orleans Collection (accessed on Mar. 30, 2022).

¹¹ [Canal Bank and Trust Company of New Orleans, 100 Years Booklet](#), University of Louisiana at Lafayette - Edith Garland Dupre Library (accessed on Mar. 30, 2022).

¹² [JPMorgan: Predecessors linked to slavery](#), The Associated Press (Jan. 21, 2005).

¹³ [Slavery Era Insurance Policies - SB 2199](#), California Department of Insurance, (May, 02, 2000).

¹⁴ Rachel L. Swarns, [Insurance Policies on Slaves: New York Life's Complicated Past](#), The New York Times (Dec. 18, 2016).

¹⁵ California Department of Insurance, [California Department of Insurance Slavery Era Insurance Registry Report to the California Legislature May 2002, at 4 - 6](#) (May 2002).

¹⁶ [Public Act 093-0333](#) 2003 Ill. Laws (2003).

¹⁷ [House Resolution 29](#), I.A. Legis. (2003).

¹⁸ [Md. Code § 30-102 \(2016\)](#).

¹⁹ [House Bill 691](#), North Carolina General Assembly, Ch. 143 Art. 3 § 143-59.5 (2009).

- A 2003 **Los Angeles, California**, ordinance requires that entities seeking to engage in business with the City disclose all participation in and profit from slavery.²⁰
- A 2004 **Philadelphia, Pennsylvania**, ordinance requires each entity contracting with the City to disclose records of investments, profits, or insurance policies from the slavery era.²¹
- A 2006 **San Francisco, California**, ordinance requires any insurance, financial services, or textile contractor with the City to disclose records evidencing participation in slavery.²²

The above laws could only address the enormity of this history within the jurisdictions covered by the law. For instance, in response to the California Slavery Era Insurance Registry Report, Dr. Darnell Hunt, Professor and Dean of Social Sciences at UCLA, described the material as “an incremental but important step in recasting the national discussion of race and slavery.”²³ Howard Dodson, Jr., then Director of the Schomburg Center for Research in Black Culture at the New York Public Library, “characterized the report as a ‘piece of evidence,’” and “limited to insurance companies doing business in California currently, and does not include other industries that profited from slavery.”²⁴ Some organizations, such as PolicyLink, a research and action institute, have proposed various methods by which banks could address the historical harms of slavery, redlining, and other forms of systemic racism, such as canceling consumer debt, eliminating banking fees, and providing interest-free mortgages and small business loans for Black customers.²⁶

Prior Hearings and Legislation

The House Financial Services Subcommittee on Diversity and Inclusion introduced the following legislation in 2021. The Diversity and Inclusion Subcommittee considered this bill as part of its June 24, 2021, hearing entitled “The Legacy of George Floyd: An Examination of Financial Services Industry Commitments to Economic and Racial Justice.”²⁷ That hearing also examined commitments that financial institutions have made to address historical racial inequity and economic disparity.

H.R. __, *to amend the Securities Exchange Act of 1934 to require covered issuers to carry out a racial equity audit every 2 years, and for other purposes*. This bill would require public companies to conduct an independent audit assessing: the issuer’s policies and practices on civil rights, equity, diversity, and inclusion; how such policies and practices affect the issuer’s business; and whether the issuer had direct or indirect ties to or profited from the institution of slavery. Issuers must report assessment findings in its filings and on the company website. To the extent that these institutions did have ties to or benefited from slavery, they would be required to disclose what steps they have taken to reconcile. Additionally, the bill establishes the Offices of Reparations Programs within the Department of the Treasury to administer programs related to down payment assistance,

²⁰ [Ordinance No. 175346](#), Los Angeles Admin. Code, Ch. 1 Art. 15 (2003).

²¹ [Bill No. 040133-A](#), Philadelphia Code § 17-104 (2005).

²² City and County of San Francisco, [Chapter 12Y: San Francisco Slavery Disclosure Ordinance](#) (Nov. 17, 2006).

²³ Dan Morain, [Slave Owners and Their Insurers Are Named](#), Los Angeles Times (May 2, 2002).

²⁴ *Id.*

²⁶ Angela Glover Blackwell and Michael McAfee, [Banks Should Face History and Pay Reparations](#) (Jun. 26, 2021).

²⁷ House Committee on Financial Services, [The Legacy of George Floyd: An Examination of Financial Services Industry Commitments to Economic and Racial Justice](#), 117th Cong. (Jun. 29, 2021) (Serial No. 117-34).

homeownership, startup capital, and funded savings programs for Black communities, as well other programs determined appropriate by the Secretary in furtherance of racial equity.

Related issues and legislation were also considered in the Full Committee hearing, “[Holding Megabanks Accountable: An Update on Banking Practices, Programs, and Policies](#),” on May 24, 2021.²⁸

²⁸ House Committee on Financial Services, [Holding Megabanks Accountable: An Update on Banking Practices, Programs, and Policies](#), 117th Cong. (May 27, 2021) (Serial No. 117–28).